



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

August 29, 2007

Karen Garcia, Treasurer
Democratic Party of Arkansas
1300 West Capitol Avenue
Little Rock, AR 72201

Response Due Date:
October 1, 2007

Identification Number: C00024372

Reference: Mid-Year Report (1/1/07-6/30/07)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 11 items:

1. On Schedule(s) B and H4 supporting Line(s) 21(b) and 21(a) of the Detailed Summary Page, you have not included the full name and/or mailing address for several vendors listed. Please amend your report accordingly.
2. Schedule A of your report discloses in-kind contributions to your committee from the "Democratic National Committee" for the purpose of "On-Line Voter File Access In-Kind." Please be advised that the value of in-kind contributions must be added to the receipts and disbursements total in order to avoid either inflating or deflating the cash on hand amount, and itemized on the appropriate Schedules A and B. 11 CFR § 104.13(a)(2) The Commission notes the disbursements on Schedule B to "Voter Activation Network" for the purpose of "On-Line Voter File Access In-Kind." Please clarify if these disbursements relate to the receipt of in-kind contributions on Schedule A. Please refer to the enclosed sample of properly reported in-kind contributions.
3. Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more

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than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

4. On Schedule H2, you disclose the ratio for "JJ Dinner 05-2007" to be the same as previously reported; however, it appears that this activity/event was not previously reported. Please amend your report to clarify this discrepancy. 11 CFR §§104.10 and 104.17

5. The Detailed Summary Page, on Line 18(a) Column A of your report, discloses \$389,659.46 in transfers from the non-federal account for allocated Administrative expenses for the reporting period. However, Line 21 (a)(ii) Column A discloses \$355,238.58 as the non-federal share for allocated Administrative expenses for the reporting period. While the non-federal account is permitted to transfer funds to the federal account for allocated activity, transfers for allocated activity must be made within a 70-day time period: no more than 10 days before or 60 days after the payment to the vendor. 11 CFR §§106.6(e)(2) and 106.7(f)(2) Please clarify the nature of the transfers-in from the non-federal account.

The Commission recommends that you immediately transfer back to the non-federal account, the total excessive amount which was received by your federal account outside the 70-day time period. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

6. Schedule H3 of your report discloses a transfer(s)-in from a non-federal account(s) for "J Jackson Dinner 04-2006" which appears to exceed the permissible amount(s) indicated by your allocation ratio for this activity/event. Please be advised that transfers for allocated activity must not exceed the non-federal share of the joint disbursements and that these transfers must be made within a 70-day time period: no more than 10 days before or 60 days after payment to the vendor. 11 CFR §§106.6(e)(2) and 106.7(f)(2) Please clarify the nature of this transfer(s)-in from the non-federal account.

The Commission recommends that you immediately transfer the total excessive amount received by your federal account back to your non-federal account. Although the Commission may take further legal

action concerning this prohibited activity, your prompt action will be taken into consideration.

7. Schedule H2 of your report indicates that your committee participated in "J Jackson Dinner 04-2006" activities or events during the reporting period. However, there are no corresponding disbursements reflected on your Schedule H4. Note that you need not include activities on Schedule H2 if there are no corresponding payments made for the activity during the reporting period. If any disbursements were incorrectly reported, you should file an amended Schedule H4 with the correct activity or event identifier, or provide clarifying information regarding the activities on Schedule H2.

8. Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): "contract labor," "contract labor-admin," "JJ Event," "JJ Expenses" and "voter registration." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

9. Schedule H4 of your report discloses payments to "Arkansas Times" and "Box Office Tickets, Inc," which are categorized as Administrative expenses; however, the purposes of disbursement disclosed are "ad for JJ Dinner" and "tickets to Inauguration." Please be advised that payments made for your committee's fundraising activities must be allocated according to the funds received method and the ratio reflected on Schedule H2. Please amend your report to clarify the appropriate category for this activity or provide clarifying information regarding this apparent discrepancy.

10. Schedule H4 of your report discloses payments to "Global Strategy Group," "AY Magazine," "Veterans Affairs Department," "Scimitar Shrine Temple," "Blaemire Communications" and "Georgette Hood," which are categorized as Administrative expenses; however, the purposes of disbursement disclosed are "post election survey," "Democratic Party Ad," "General Party Ad," "voter file update" and "voter registration." Please be advised that payments made for your committee's generic voter drive activities, that do not qualify as Federal election activities and that are not party exempt activities, should be categorized as Voter Drive expenses on Schedule H4. Please amend your report to clarify the appropriate category for these activities or provide clarifying information regarding these apparent discrepancies.

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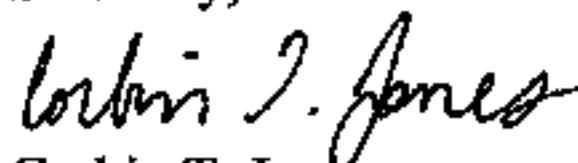
11. Schedule H4 of your report discloses a reimbursement(s) to an individual(s) for apparent travel and subsistence advances in which the total amount reimbursed exceeds \$500. When the reimbursement amount to staff for travel and subsistence advances exceeds \$500, the payments by committee staff that make up the reimbursement have to be itemized as memo entries regardless of the amount. Each memo entry must include the complete name and address of the original vendor, as well as the date, amount and an adequate purpose. Please amend your report to include the missing information and clearly identify on the Schedule H4, which reimbursement each memo entry relates to. 11 CFR §§104.10 and 104.17, and Advisory Opinion 1996-20, footnote 3

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Transfers from other party committees should be properly disclosed on a separate Schedule A, supporting Line 12 of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1177.

Sincerely,



Corbin T. Jones
Campaign Finance Analyst
Reports Analysis Division

IN-KIND CONTRIBUTIONS

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		FOR LINE NUMBER Check only one!	PAGE 1 OF 1
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small>		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 11e <input type="checkbox"/> 11f <input type="checkbox"/> 11g <input type="checkbox"/> 11h <input type="checkbox"/> 11i <input type="checkbox"/> 11j <input type="checkbox"/> 11k <input type="checkbox"/> 11l <input type="checkbox"/> 11m <input type="checkbox"/> 11n <input type="checkbox"/> 11o <input type="checkbox"/> 11p <input type="checkbox"/> 11q <input type="checkbox"/> 11r <input type="checkbox"/> 11s <input type="checkbox"/> 11t <input type="checkbox"/> 11u <input type="checkbox"/> 11v <input type="checkbox"/> 11w <input type="checkbox"/> 11x <input type="checkbox"/> 11y <input type="checkbox"/> 11z	
NAME OF COMMITTEE (in full) Freedom Party State Committee			
Full Name (Last, First, Middle Initial) Blank, Jerri		Date of Receipt 03 18 2004	
Mailing Address 111 Lincoln Ave. City ST Zip Code 00000		Amount of Each Receipt This Period 500.00	
POC to number of contributing individual political committee Name of Employer: Eterna-Spring, Ltd. Occupation: Chief Executive Officer Amount: 500.00 Purpose of Disbursement: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		In-kind raffle prize	

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		FOR LINE NUMBER Include only one!	PAGE 1 OF 1
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small>		<input checked="" type="checkbox"/> 21a <input type="checkbox"/> 21b <input type="checkbox"/> 21c <input type="checkbox"/> 21d <input type="checkbox"/> 21e <input type="checkbox"/> 21f <input type="checkbox"/> 21g <input type="checkbox"/> 21h <input type="checkbox"/> 21i <input type="checkbox"/> 21j <input type="checkbox"/> 21k <input type="checkbox"/> 21l <input type="checkbox"/> 21m <input type="checkbox"/> 21n <input type="checkbox"/> 21o <input type="checkbox"/> 21p <input type="checkbox"/> 21q <input type="checkbox"/> 21r <input type="checkbox"/> 21s <input type="checkbox"/> 21t <input type="checkbox"/> 21u <input type="checkbox"/> 21v <input type="checkbox"/> 21w <input type="checkbox"/> 21x <input type="checkbox"/> 21y <input type="checkbox"/> 21z	
NAME OF COMMITTEE (in full) Freedom Party State Committee			
Full Name (Last, First, Middle Initial) Blank, Jerri		Date of Disbursement 03 18 2004	
Mailing Address 111 Flatpoint Ave. City ST Zip Code 00000		Amount of Each Disbursement This Period 500.00	
Purpose of Disbursement: Raffle Prize Category: 1004 Office Bought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		in-kind	

Itemize in-kind contributions on both Schedules A and B so as not to inflate the cash on hand balance.

Best Efforts Required

Apply "best efforts" to obtain and report the information listed above. See page 52 for information.

In-Kind Contributions

When determining whether to itemize an in-kind contribution, follow the same guidelines listed under "When to Itemize Receipts," page 62. See page 10 for information on how to determine the dollar value of an in-kind contribution.

In addition, add the value of the in-kind contribution to the operating expenditure total on Line 21b (in order to avoid inflating the cash-on-hand amount). 104.13(a)(2).

If the in-kind contribution must be itemized on Schedule A, then it must also be itemized on a Schedule B for operating expenditures (see illustration).

Appreciated Goods

When a committee receives an in-kind contribution whose value may appreciate over time, such as stock or artwork, special reporting rules apply:

- Itemize the initial gift, if necessary, as a memo entry on Schedule A. Under "Amount," report the fair market value of the contribution on the date the item was received. (Reminder: the amount is subject to the \$10,000 contribution limit.) Do not include that amount in the total for Line 11a(i) on the Detailed Summary Page.
- Once the item is sold, report the sale price as a contribution on Line 11a(i) if the purchaser is known or as an "other receipt" on Line 15 if the purchaser is unknown. Itemize the transaction on Schedule A if necessary. 104.13(b). See also AO 1989-6.

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